



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20543

RQ-2

Mrs. Elizabeth Smith, Treasurer
The Madison Project Inc.
P.O. Box 176
Lincoln, VA 20160

SEP 18 2002

Identification Number: C00293000

Reference: Amended April Quarterly Report (1/1/02-3/31/02), received 7/12/02

Dear Mrs. Smith:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. The review raised questions concerning certain information contained in the report(s). An itemization follows:

-Your report discloses a transfer(s) for "Overhead Expenses" to the Madison Project State Account which appears to be a non-federal account of your committee. Please be advised, committees that make disbursements in connection with federal and non-federal elections and have established separate federal and non-federal accounts must allocate their expenses pursuant to 11 CFR §§106.5 and 106.6.

Further, 11 CFR §§106.5 and 106.6 prohibits a committee's federal account from reimbursing its non-federal account for shared allocable expenses. Also, the non-federal account is prohibited from paying the federal account's share of these expenses. These types of shared costs must be paid according to the allocation ratio derived from the appropriate method on Schedule H1.

If the transfer(s) in question was incompletely or incorrectly disclosed, you should amend your original report with clarifying information. If your non-federal account has paid any expenditures which should have been allocated, you are advised to correct any non-compliance with 11 CFR §106.5 and 106.6 and establish procedures to insure future compliance with

allocation regulations.


Although the Commission may take further legal action regarding this improper allocation activity, your prompt action will be taken into consideration.

-Line 23 of the Detailed Summary Page of your report discloses a total of \$10,475 in contributions made to federal candidates/committees. The sum of the entries itemized on Schedule B, however, indicates the total to be \$10,985. Please amend your report to clarify the discrepancy.

-Schedules A and B of your report disclose your committee has received apparent earmarked contributions for several federal candidates. Please be advised, if the contributions passed through your committee's account, then a notation must be made which states this and each must be itemized on Schedules A and B, regardless of the amount. However, if the earmarked contributions were forwarded in the form of the contributor's check, then a notation must be made which states this and they should be disclosed as MEMO entries on Schedules A and B. For disclosure purposes, the name and mailing address for each contributor must be provided and where the contribution exceeds \$200, the individual's occupation and name of employer must also be itemized. 11 CFR §110.6(c)(1)(iv). Please amend your report accordingly and provide the omitted schedule(s).

A response or an amendment to your original report(s) correcting the above problem(s) should be filed with the Federal Election Commission within fifteen (15) days of the date of this letter. Electronic filers must file amendments (to include statements, designation and reports) in an electronic format and must submit an amended report in its entirety, rather than just those portions of the report that are being amended. If you need assistance, please feel free to contact me on our toll-free number, (800) 424-9530 (at the prompt press 1, then press 2 to reach the Reports Analysis Division). My local number is (202) 694-1130.

Sincerely,



Antoinette L. Kitchen
Senior Campaign Finance Analyst
Reports Analysis Division

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